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10/010,102	11/08/2001	Scan J. Egan	D7655-00002	5752

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DUANE MORRIS, LLP  
IP DEPARTMENT  
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PHILADELPHIA, PA 19103-4196

EXAMINER
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GREENE, DANIEL LAWSON

ART UNIT	PAPER NUMBER
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3694

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06/09/2008

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/010,102	<b>Applicant(s)</b> EGAN, SEAN J.	
	<b>Examiner</b> DANIEL L. GREENE	<b>Art Unit</b> 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 5/25/2007.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>3/8/02</u> .  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. Claims 1-22 are pending. As noted in the 4/1/2008 Interview Summary, the claims were initially renumbered 11-08-2001. In said interview, applicant agreed to update the dependencies of the claims accordingly in response to the instant Office Action.

### ***Specification***

2. The attempt to incorporate subject matter into this application by reference to pages 122-126 and the software provided with the book from Robert W. Kolb, "Options: The Investor's Complete Toolkit" (hereafter "Options") is ineffective because, as cited on pages 4 and 5 of the specification as filed, the techniques necessary to completely understand the invention are "explained" in said pages and software, neither of which have been included or can be found within the record. It is noted that said pages are referenced on the attached IDS, however no such documentation is in the record as filed, nor could it be located in the paper file wrapper of parent application 09/418,184.

In this regard, the Examiner has placed a literature request to the USPTO to obtain a copy of said book "Options". The Examiner will withdraw the request for said book upon either receipt from Applicant, or the USPTO, as it appears to be a pertinent piece of literature to help determine the true inventiveness of the claimed invention.

3. The disclosure is objected to because of the following informalities: Page 2, paragraph [0008] includes the abbreviation "OTC" without first spelling out what the abbreviation means. Each time an abbreviation is used for the FIRST time it should be

spelled out. Said abbreviation may then be properly used again without continued explanation. To further prosecution, the Examiner has considered said abbreviation to mean "Over The Counter" and has examined the application accordingly.

However, **appropriate correction is required.**

4. The use of the trademark "Excel", also known in the art as Microsoft Office Excel™ has been noted in this application in at least paragraph [0026]. It should be (and currently is) capitalized wherever it appears and be accompanied by the generic terminology (which it currently is not).

Although the use of trademarks is permissible in patent applications, the proprietary nature of the marks should be respected and every effort made to prevent their use in any manner which might adversely affect their validity as trademarks.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**5. Claims 1-22 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.**

Claims 1-22 recite a series of steps and are considered for the purpose of analysis under 35 U.S.C. 101 as reciting a series of steps. The claims do not recite a "pre" or "post" computer activity but merely perform a series of steps of calculations and assignments of ratings based on said calculations. In fact, a computer is not even required to perform said method as claimed as evidenced

by Applicant's admission on page 3 of the specification as filed, paragraph [0011], second sentence "The method may be carried out manually".

A process is statutory if it requires physical acts to be performed outside of the computer independent of and following the steps performed by a programmed computer, where those acts involve the manipulation of tangible physical objects and result in the object having a different physical attribute or structure (*Diamond v. Diehr*, 450 U.S. at 187, 209 USPQ at 8).

Further, the claims merely manipulate an abstract idea (calculating and assigning) or perform a purely mathematical algorithm without limitation to any practical application. A process which merely manipulates an abstract idea or performs a purely mathematical algorithm is non-statutory despite the fact that it might have some inherent usefulness (*Sakar*, 558 F.2d at 1335, 200 USPQ at 139).

Furthermore, in determining whether the claimed subject matter is statutory under 35 U.S.C. 101, a practical application test should be conducted to determine whether a "useful, concrete and tangible result" is accomplished. See *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1359-60, 50 USPQ2d 1447, 1452-53 (Fed. Cir. 1999); *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1600 (Fed. Cir. 1998).

An invention, which is eligible for patenting under 35 U.S.C. 101, is in the "useful arts" when it is a machine, manufacture, process or composition of

matter, which produces a concrete, tangible, and useful result. The fundamental test for patent eligibility is thus to determine whether the claimed invention produces a “use, concrete and tangible result”. The test for practical application as applied by the examiner involves the determination of the following factors”

(a) “Useful” - The Supreme Court in *Diamond v. Diehr* requires that the examiner look at the claimed invention as a whole and compare any asserted utility with the claimed invention to determine whether the asserted utility is accomplished. Applying utility case law the examiner will note that:

- i. the utility need not be expressly recited in the claims, rather it may be inferred.
- ii. if the utility is not asserted in the written description, then it must be well established.

(b) “Tangible” - Applying *In re Warmerdam*, 33 F.3d 1354, 31 USPQ2d 1754 (Fed. Cir. 1994), the examiner will determine whether there is simply a mathematical construct claimed, such as a disembodied data structure and method of making it. If so, the claim involves no more than a manipulation of an abstract idea and therefore, is nonstatutory under 35 U.S.C. 101. In *Warmerdam* the abstract idea of a data structure became capable of producing a useful result when it was fixed in a tangible medium, which enabled its functionality to be realized.

(c) “Concrete” - Another consideration is whether the invention produces a “concrete” result. Usually, this question arises when a result cannot be assured.

An appropriate rejection under 35 U.S.C. 101 should be accompanied by a lack of enablement rejection, because the invention cannot operate as intended without undue experimentation.

The claims, as currently recited, appear to be directed to nothing more than a series of steps including receiving and modifying data (calculating and assigning) without any useful, concrete and tangible result and are therefore deemed to be non-statutory. While these ratings/numbers may be concrete and/or tangible, there does not appear to be any useful result.

Note, regarding claims 18-22, the mere act of placing code on a storage medium is not in and of itself patentable because, for example, any storage medium is inherently capable of storing any information one desires to store therewithin. Again, claims 18-22 are directed towards a "STORAGE MEDIUM". and again, any storage medium is inherently capable of storing whatever one wishes to store therein or thereon.

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

**6. Claims 1-22 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.**

Claims 1-22 require a “rating” to be assigned, but the specification fails to set forth precisely how such is accomplished. Paragraph [0024] attempts to set forth how such is accomplished yet fails to provide the detail required to do so. Again, the specification fails to set forth in a clear and concise manner how a “rating” is assigned.

**7. Claims 1-22 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.**

Claims 1-22 require a “rating” to be assigned, but the specification fails to set forth precisely how such is accomplished. Paragraph [0024] attempts to set forth how such is accomplished yet fails to provide the detail required to do so. Again, the specification fails to set forth in a clear and concise manner how a “rating” is assigned.



**8. Claims 1-22 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.**

Claims 1-22 set forth that a rating is assigned “based on the expected return for the fund” however no further guidance is given. Paragraph [0024] attempts to set forth how such is accomplished yet fails to provide the detail required to do so. Further, as set forth above, the specification fails to set forth in a clear and concise manner how a “rating” is assigned. Accordingly one would not know how to do so and as such the claims are vague and indefinite.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**9. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Admitted Prior Art (APA) in view of Official Notice.**

Applicant states within the specification as filed (Emphasis added);

“[0003] **Ratings** of investment vehicles **are** one factor **commonly used** by investors and financial advisors **in determining how to invest**. **These ratings are typically divided into various types of investments**, such as funds with particular investment objectives or types of holdings. **Ratings are generally based on past returns**. However, investors and their financial advisors are seeking information about future performance, not past performance, of investment vehicles. As a result, existing ratings are limited in their usefulness.”

“[0006] The method and system of the invention employs financial futures in ranking or assessing various investments. **Financial futures provide information on expected future returns in various investment areas or asset classes.** For example, a financial future on the S&P 500 for the period ending June 2002 is a representation of what the financial markets expect the value of the S&P 500 will be in June 2002. Financial futures are now available for a number of segments of the market, such as US value stocks, US growth stocks, small capitalization stocks, large capitalization stocks, US Treasury Bonds, high yield bonds, and other categories.

[0007] **It is possible to use known mathematical techniques in order to determine expected future returns for various investment vehicles,** and in particular actual and virtual funds that comprise a number of securities. Actual funds include traditional mutual funds. Virtual funds include folios, which are collections of individual securities that are assembled by investors or made available from brokerages. These funds may include conventional mutual funds, which hold a variety of securities, or virtual funds, in which investors directly buy and sell securities as they choose or as directed by a manager. **In the method of the invention, employing information on the classification of the funds, past performance of the funds, performance of the asset classes to which the funds belong, and futures for the asset classes to which the funds belong, a prediction for future performance can be obtained. The prediction can then be utilized as a rating.”**

[0011] “...The method may be carried out manually,”

[0012] “...The step of identifying a sector would ordinarily be carried out manually”

“[0014] The next step is to calculate the expected median returns for the sector using the identified options and futures, as indicated by block 30. **The expected median return is calculated fairly simply,** by annualizing the percentage increase between the current value of the index and the futures price. **Both the current value of the index and the futures price are readily available figures. For example, if the current price of the S&P 500 is 1264.74, and the price of options expiring in one year is 1328.8, then the expected median return is 5.06%. This result is obtained by simple division.** Of course, options expiring at times other than one year may be employed for this step. “

“[0015] The next step is the calculation of the expected range in future returns as implied by prices of options on the futures and a suitable option pricing model, as indicated by block 40. **The standard deviation in the return is calculated, based on known mathematical techniques. The Black-Scholes technique is**

**known to provide the necessary methodology.** The necessary techniques are explained, for example, at pages 122-126 of Robert W. Kolb, **Options: The Investor's Complete Toolkit (New York Institute of Finance 1991)**. The inputs are the current price of the security, which in this case is the price of a basket of investments in the sector, such as the S&P 500, the current exercise price of the option, the risk-free interest rate, a current call price for the security, and the time until expiration of the option. **The current exercise price, or strike price, is readily obtained from published sources. The risk-free interest rate is typically an interest rate for U.S. Treasury securities of a selected term.** For example, 10-year U.S. Treasury securities may be employed. If desired, other low-risk securities may be employed. **The current call price for the security is generally readily obtained from published sources.** The time until the expiration of the options depends upon the day of the calculation. “

“[0016] The inputs are used in **the following equation for the Black-Scholes Option Pricing Model for a call option...**”

“[0026]...The method can be implemented in custom software, or in spreadsheet software such as Excel.”

It appears Applicant has merely combined teachings of the prior art to arrive at the instant invention which appears to be nothing more than a simple upgrade of the “ratings...commonly used by investors...in determining how to invest.

Standard and Poor's has been assigning ratings to various items since the 1860's and is cited to show it is notoriously old and well known to assign ratings to financial instruments as indicated below.

## Fund Ratings



### Money Market Funds

Standard & Poor's assigns Principal Stability Ratings to money market funds. These ratings address the ability of a money market fund to maintain principal value and limit exposure to loss.

### Bond Funds

Standard & Poor's assigns ratings to bond funds and other managed pools of fixed income assets with fluctuating net asset values, including cash-enhancement funds, fix-income hedge funds, local government investment pools, and unit investment trusts.

### Government Investment Pools

Standard & Poor's has rated government investment pools (GIPs) since 1994. Credit Quality and Volatility ratings are assigned to address a GIPs' credit quality, liquidity, risk parameters and management.

Regarding claims 1, 7, 12 and 18, Official Notice is taken that even though applicant alleges "ratings are *generally* based on past returns", at the time of the invention it would have been obvious to one of ordinary skill in the art to take into account "future" performance as well, in order to adjust the "rating" to arrive at a more accurate OVERALL rating of the performance of the investment. This would of course also be indicative of and therefore teach also a system to perform the method and any software that might be used to distribute any computer code to cause a computer to perform the method disclosed.

Applicant clearly sets forth the use of the notoriously old and well known “Black-Scholes” equation in, for example, paragraphs [0015]-[0016] to determine the expected range of future returns, which is a technique used in the industry for over 35 years.

Applicant clearly sets forth also using other common and well known mathematical techniques including at least one of division, addition, subtraction, estimation and statistics to calculate various variables including but not limited to an expected return (also known in the art as Return On Investment (ROI), Expected rate of return (ERR), expected value (EV), etc.), expected RANGE of returns, median, mode, range, high, low, etc. All of these techniques are nothing more than old and well known mathematical and statistical processes commonly used in the field of investing as evidenced by the book “Options” as well as the definitions set forth below.

## expected value

The probability weighted average of the observations. For decisions involving uncertainty, the concept of expected value provides a rational means for selecting the best course of action. If they are equally likely, then the expected value is equal to the mean.

EXAMPLE: Consider the possible rate of return, depending upon the states of the economy; i.e., recession, normal, and prosperity, that you might earn next year on a \$50,000 investment in proposal A or on a \$50,000 investment in proposal B:

Proposal A		
State of economy	Return ( <i>r</i> )	Probability ( <i>p</i> )
State of economy	- 10%	.2
Recession	- 5%	.2
Normal	20	.6
Prosperity	40	.2

Proposal B		
State of economy	Return ( <i>r</i> )	Probability ( <i>p</i> )
Recession	10%	.2
Normal	15	.6
Prosperity	20	.2

The expected rates of returns are:

For Proposal A,  $r = (-5\%)(.2) + (20\%)(.6) + (40\%)(.2) = 19\%$

For Proposal B

$r = (10\%)(.2) + (15\%)(.6) + (20\%)(.2) = 15\%$




About Wall Street Words  
from Houghton Mifflin

## expected rate of return<sup>T</sup>

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The rate of return expected on an asset or a portfolio. The expected rate of return on a single asset is equal to the sum of each possible rate of return multiplied by the respective probability of earning on each return. For example, if a security has a 20% probability of providing a 10% rate of return, a 50% probability of providing a 12% rate of return, and a 25% probability of providing a 14% rate of return, the expected rate of return is  $(.20)(10\%) + (.50)(12\%) + (.25)(14\%)$ , or 12%.

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Regarding claims 5, 11, 17 and 22, the following definition is particularly pertinent regarding applicant's claims towards using a range of returns including high and low expected returns.

## accounting return

a criterion used in INVESTMENT APPRAISAL to evaluate the desirability of an INVESTMENT project. Accounting return involves calculating the anticipated return on an investment in terms of the average yearly accounting profit expected from the project, expressed as a percentage of the capital invested. Fig. 5 shows a typical calculation for a proposed machine purchase, which in this case promises an accounting return of 36% per year. If a firm's target rate of return for new investment projects was, say, 30% plus, then this particular project would be undertaken.

Whether or not the calculated return is realized depends upon how accurate the future estimates of sales volume, selling prices, materials costs, machine life, etc. turn out to be. Since all investments involve assessments of future revenues and costs they are all subject to a degree of uncertainty. This problem, in part, can be handled by undertaking a sensitivity analysis, making not one but three estimates from each item of project cost or revenue ('optimistic', 'most likely', 'pessimistic') to indicate the range of possible outcomes.

	Year 1	Year 2	Yearly average
	£	£	£
unit sales	3,000	2,000	2,500
price	x3	x3	x3
revenue	9,000	6,000	7,500
materials, labour and overhead costs	4,000	3,000	3,500
gross profit	5,000	3,000	4,000
depreciation	2,200	2,200	2,200
Profit	2,800	800	1,800
accounting return = $\frac{£2,800}{£5,000} \times 100 = 36\%$ per year			

Fig. 5 **Accounting return.** Example: machine: cost £5,000, estimated life 2 years, residual value

$$\text{£600, depreciation} = \frac{\text{£5,000} - 600}{2} = \text{£2,200 per year.}$$

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**APA | MLA | Chicago | Citing this entry**

accounting return. (2006). In *Cofins Dictionary of Business*. Retrieved June 08, 2008, from <http://www.uredoference.com/entry/5821725>



Regarding claims 2, 6, 8, 13 and 19, the following definitions were captured from pages 488-489 of the Dictionary of finance and investment terms, Fifth edition, Copyright 1998, and clearly disclose that ratings are applied to each and every fund.

Official notice is taken that it would have been obvious to one of ordinary skill in the art to apply the method of estimating the ROI of an investment portfolio to each and every financial instrument within said portfolio for the purpose of ensuring that the total overall rating of the portfolio is actually related to ALL of the ratings of each individual instrument therewithin.

## **RATE OF RETURN**

**Fixed-income securities** (bonds and preferred stock): CURRENT YIELD, that is, the coupon or contractual dividend rate divided by the purchase price. *See also* YIELD TO AVERAGE LIFE; YIELD TO CALL; YIELD TO MATURITY.

**Common stock:** (1) dividend yield, which is the annual dividend divided by the purchase price. (2) TOTAL RETURN rate, which is the dividend plus capital appreciation.

**Corporate finance:** RETURN ON EQUITY or RETURN ON INVESTED CAPITAL.

**Capital budgeting:** INTERNAL RATE OF RETURN.

*See also* FAIR RATE OF RETURN; HORIZON ANALYSIS; MEAN RETURN; REAL INTEREST RATE; REQUIRED RATE OF RETURN; TOTAL RETURN; YIELD.

## **RATING**

**Credit and investments:** evaluation of securities investment and credit risk by rating services such as Duff & Phelps/MCM, FITCH INVESTORS SERVICE INC., MOODY'S INVESTORS SERVICE, STANDARD & POOR'S CORPORATION, and VALUE LINE INVESTMENT SURVEY. *See also* CREDIT RATING; EVENT RISK; NOT RATED.

**Insurance:** using statistics, mortality tables, probability theory, experience, judgment, and mathematical analysis to establish the rates on which insurance premiums are based. There are three basic rating systems: *class rate*, applying to a homogeneous grouping of clients; *schedule system*, relating positive and negative factors in the case of a particular insured (for example, a smoker or nonsmoker in the case of a life policy) to a base figure; and *experience rating*, reflecting the historical loss experience of the particular insured. Also called *rate-making*.

Insurance companies are also rated. *See* BEST'S RATING.

Art Unit: 3694

## LEADING BOND RATING SERVICES

## RATING SERVICE

Explanation of corporate/ municipal bond ratings	<i>Duff &amp; Phelps/MCM</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard &amp; Poor's</i>
Highest quality, "gift edged"	AAA AA	AAA AA	Aaa Aa	AAA AA
High quality Upper medium grade	A	A	A	A
Medium grade	BBB	BBB	Baa	BBB
Predominantly speculative	BB B	BB B	Ba B	BB B
Speculative, low grade				
Poor to default	CCC	CCC	Caa	CCC
Highest speculation		CC	Ca	CC
Lowest quality, no interest		C	C	C
In default, in arrears, questionable value		{ DDD DD D		DDD DD D

Fitch and Standard & Poor's may use + or - to modify some ratings. Moody's uses the numerical modifiers 1 (highest), 2, and 3 in the range from Aa1 through Ca3

It is clear on it's face that applicant's invention is directed towards nothing more than a simple upgrade of the "ratings" systems already used in investment vehicle art by applying and integrating routine research in the statistics/prediction

technology to arrive at a predictable method of estimating future values of investment vehicles (and therefor the expected rate of return) which is nothing more than the use of "common sense" to one of ordinary skill in the art. That is, it is not seen wherein applicant has truly invented anything. It appears applicant has merely combined common calculations together to arrive at a predictable result, which can be done by hand (paragraph [0011]) and therefore could take place solely in the mind of the user.

In that regard, it is noted that within the specification (paragraph [0010]) applicant teaches adjusting the ratings using information assessing the capabilities of the investment managers, support staff, etc. This is of course a common everyday occurrence that each and every individual does on a daily basis. Support may be had to an individual's preferences that determine where a person decides to spend their money. Human beings by nature seek pleasurable experiences. If an individual has had a bad experience spending their hard earned money at a specific vendor such as a supermarket, fast food, gas station, credit card company, etc., they will more than likely NOT frequent that vendor again and choose a competitor or some other means of supplying their needs. Consider also an individual that does not wish to support deforestation or drilling for oil in Alaska and thereby ensures his investment portfolio does NOT allocate any money to companies affiliated with such practices.

Regarding claims 4, 10, 16 and 21, Official Notice is taken to show that it is obvious on its face to allow for an adjustment for qualitative factors including “personal preferences” to be made and considered as a factor in altering the rating of an investment vehicle in some manner to ensure the individual’s investments are and can be directed more in line with said personal preferences.

**37 CFR 1.105 requirement or information**

10. A requirement for information is attached to the instant Office action.

***Conclusion***

11. Examiner’s Note: The Examiner has cited particular columns and line numbers in the references as applied to the claims for the convenience of the applicant.

Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the responses, to fully consider the references in entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL L. GREENE whose telephone number is (571)272-6876. The examiner can normally be reached on Mon-Thur.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

13. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. L. G./  
Examiner, Art Unit 3694  
2008-06-07

**Requirement for information under 37 CFR 1.105.**

**A. *In order to properly consider the invention set forth in claims 1-22 it has been determined that more information is required.***

**B. Applicant is hereby required to submit the following information:**

**a. Related information:** A copy of any non-patent literature, published application, or patent (U.S. or foreign), by the inventor, that relates to the claimed invention **that is not currently of record.**

**b. Information used to draft application:** A copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used to draft the application.

SPECIFICALLY pages 122-126 of Robert W. Kolb "Options: The Investor's Complete Toolkit" (hereafter "Options") and related software

**c. Information used in invention process:** A copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used in the invention process, such as by designing around or providing a solution to accomplish an inventive result.

**d. Improvements:** Where the claimed invention is an improvement, identification of what is being improved. (See page 2 of the specification, paragraph [0008] wherein a modified Black-Scholes equation is used, page 4, paragraph [0015] "techniques are explained" in "Options", etc.)

**e. In Use:** Identification of any use of the claimed invention known to any of the inventors at the time the application was filed notwithstanding

the date of the use.

**f. Technical information known to applicant:** Technical information known to applicant concerning the related art, the disclosure, the claimed subject matter, other factual information pertinent to patentability, or concerning the accuracy of the examiner's stated interpretation of such items.

C. Requirements for factual information known to applicant may be presented in any appropriate manner, for example:

- (i) A requirement for factual information;
- (ii) Interrogatories in the form of specific questions seeking applicants factual knowledge; or
- (iii) Stipulations as to facts with which the applicant may agree or disagree.

D. Any reply to a requirement for information pursuant to this section that states either that the information required to be submitted is unknown to or is not readily available to the party or parties from which it was requested may be accepted as a complete reply.

E. Applicant is specifically required to submit information regarding the book "Options: The Investor's Complete Toolkit" by Robert W. Kolb, mentioned on page 4 of the specification and the computer software mentioned on page 5 of the specification. In this regard, a statement pursuant to this section that states either that the information required to be submitted is unknown to or is not readily available to the party or parties



from which it was requested WILL NOT be accepted as a complete reply because it is considered that Applicants are familiar enough with such software to cite it within the specification as filed.

F. Applicant is specifically required to submit any other information that may reasonably construe inventorship of the claimed invention including personal notes, log books, emails, technical papers, college notes, etc., etc., etc. This requirement pulls upon the requirement of section B.d. above in that it does not appear that applicants have created a system and method totally devoid of any foundation already found in the art of rating mutual funds. That is, it appears applicant's invention is based upon an improvement of a system or method already functioning and in place in the art of rating investment funds already.

G. In regard to the requirement for information under 37 C.F.R. 1.105, notice is taken of the January 3, 2005 Decision of the United States Court of Appeals for the Federal Circuit in the case of Star Fruits S.N.C. v. United States.

Pertinent portions of said Jan. 3, 2005 decision have been reproduced below.

"Under 37 C.F.R. §1.105 the Office can require information that does not directly support a rejection. An agency's interpretation of its own regulations is entitled to substantial deference and will be accepted unless it is plainly erroneous or inconsistent with the regulation. See Eli Lilly & Co. v. Bd. Of Regents of the Univ. of Wa., 334 F. 3d 1264, 1266 (Fed. Cir. 2003). Here, the Office considered information concerning any sale or public distribution of the claimed invention and any information concerning Breeder's Rights applications or grants as within the authorized scope of a Requirement For Information under section 1.105.

This interpretation is not plainly erroneous or inconsistent with the regulation. Congress has delegated to the Office the rulemaking power to "establish regulations, not inconsistent with law, which-(A) shall govern the conduct of proceedings in the Office." 35 U.S.C. § 2(b)(2) (2000) (formerly at 35

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U.S.C. § 6(a) (1988), see Merck & Co. v. Kessler, 80 F. 3d 1543, 1549-50 (Fed. Cir. 1996)); Stevens v. Tamai, 366 F.3d 1325, 1333 (Fed. Cir. 2004). Section 1.105 stems from an initiative entitled Changes to Implement the Patent Business Goals. Through notice and comment rulemaking the Office made explicit the inherent authority of Office employees to require information from an applicant. The goal is to “encourage” employees to use that power to “perform the best quality examination possible.” 65 Fed. Reg. 54,604, at 54,633 (September 8, 2000) (to be codified at 37 C.F.R. pts. 1, 3, 5, 10); see also 64 Fed. Reg. 53,772 (proposed October 4, 1999); 63 Fed. Reg. 53,498 (proposed October 5, 1998). The final rule permits that “the examiner or other Office employee may require the submission ... of such information as may be reasonably necessary to properly examiner or treat the matter.” 37 C.F.R. 1.105(a)(1) (emphasis added).

We think it clear that “such information as may be reasonably necessary to properly examiner or treat the matter,” 37 C.F.R. 1.105(a)(1), contemplates information relevant to examination either procedurally or substantively. It includes a zone of information beyond that defined by section 1.56 as material to patentability, and beyond that which is directly useful to support a rejection or conclusively decide the issue of patentability. Several observations militate in favor of this conclusion.

First, under the current regulations an applicant has an affirmative duty to disclose information material to patentability. See 37 C.F.R. § 1.56. Because an applicant already has a duty to disclose this information, it makes no sense for the Office to promulgate a rule empowering it to “require the submission” of information the applicant is required to submit in the first instance.

Second, section 1.105 identifies the required information as that information “reasonably necessary to property examiner or treat the matter” instead of that information “material to patentability.” Under ordinary principles of interpretation, the choice of different language indicates a different intended meaning.

Third, the plain language of the regulation contemplates requirements for information that go beyond information required by section 1.56. For example, “any non-patent literature ... by any of the inventors, that relates to the claimed invention[.]” 37 C.F.R. § 1.105(a)(1)(iii) (emphasis added), could include sales brochures, catalogues, or PBR applications or grants. “[A]ny use of the claimed invention known to any of the inventors at the time the application was filed notwithstanding the date of the use,” id. § 1.105(a)(1)(vii) (emphasis added), could refer to uses that would not affect patentability at all. Likewise, information directed to whether a search was conducted and what was searched, id. § 1.105(a)(1)(ii), is not necessarily required by section 1.56. Other requirements

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for information are also foreseeable under the “reasonably necessary to properly examiner or treat the matter” standard. For instance, it might be reasonably necessary for the Office to require an explanation of technical material in a publication, such as one of the inventor's publications, or require the applicant's comments on a recent Federal Circuit opinion and how that opinion affects examination. See, e.g., 65 Fed. Reg. at 54,634. Although this information improves the quality and efficiency of examination it is not necessarily information that an applicant is required to provide under section 1.56<sup>1</sup>. In sum, we think that the Office's interpretation of 37 C.F.R § 1.105 conforms to the plain language of the regulation....

The Director is charged with the duty of deciding whether a patent should issue from an application. To perform that duty, the law must be applied to the facts at hand in any application. That the person charged with enforcement of the law, here an examiner, may sometimes disagree with the applicant on the theory or scope of the law to be applied is hardly surprising. So long as the request from the examiner for information is not arbitrary or capricious, the applicant cannot impede the examiner's performance of his duty by refusing to comply with an information requirement which proceeds from the examiner's view of the scope of the law to be applied to the application at hand. To allow such interference would have the effect of forcing the Office to make patentability determinations on insufficient facts and information. Such conduct inefficiently shifts the burden of obtaining information that the applicant is in the best position to most cheaply provide onto the shoulders of the Office and risks the systemic inefficiencies that attend the issue of invalid patents. Examination under such circumstances is neither fair and equitable to the public nor efficient.”

H. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Daniel L. Greene Jr. whose telephone number is (571) 272-6876. The examiner can normally be reached on Mon-Thur.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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I. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. L. G./  
Examiner, Art Unit 3694  
2008-06-07

/James P Trammell/  
Supervisory Patent Examiner, Art Unit 3694